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Consumers' Counsel Donald E. Montgomery's discussion of prices and supplies, presented on the radio program of the General Federation of Women's Clubs, on October 13, 1939, at 1:45 P.M., over the Red Network of the National Broadcasting Company, Washington, D. C.

Mrs. Baker: Mr. Montgomery, you've been telling us these last two weeks what's happened to food prices since war broke out in Europe.

Montgomery: Would you like the latest news?

BAKER: Wait a minute. I want to know some other things first.

MONTGOMERY: Good.

BAKER: It's like this. I hear people say that war is going to make prices go up. And then I wonder . . . is that such a bad thing, after all?

BOB: It'll be rough on me. I know that.

BAKER: Why, Bob?

BOB: Because I earn a salary. . . tap on wood. . . and salaries, you know . . .

MONTGOMERY: Wait a minute, Bob. Let's get back to Mrs. Baker's question. As I get it, Mrs. Baker, you're wondering whether the country might not be better off if prices went up. Is that it?

BAKER: Yes, that's right.

MONTGOMERY: But why do you think it might be?

BAKER: Because when prices go up, incomes go up, too. Don't they?

MONTGOMERY: But do all incomes?

BOB: Not nine . . .

SALLY: Nor mine . . .

MONTGOMERY: Bob and Sally, here, don't seem to agree.

BOB: But it is true, isn't it, that salaries move up awfully slowly?

MONTGOMERY: By and large, you're right, Bob, in that salaries are likely to go up more slowly than prices.

SALLY: Well, believe me, it makes a lot of difference how fast my salary goes up. If prices jump up first, I'll be in a fix!

MONTGOMERY: And don't you think, Sally, it would make a lot of difference to factory workers, too, if prices jumped up before wages did?



SALLY: Why, yes, of course.

BAKER: But what about all the stores that sell? If they get more for their goods, they'll spend more.

MONTGOMERY: True, but can they get people to pay higher prices?

SALLY: But you have to, if it's something you need.

BOB: Come on, now, Sally. You know you don't buy as much when prices are high.

SALLY: Oh, sure. But what I meant was . . . some people can afford to pay higher prices, and then the stores that get that money can hire more workers and pay better wages.

MONTGOMERY: You've got a point there, Sally. If higher prices would mean more factories busy, and more workers employed, and better wages paid . . . then, higher prices would be a good thing.

BAKER: That is what I was trying to say a while back.

MONTGOMERY: Exactly. And that's what might happen now, unless we get going too fast, and run off the track.

SALLY: Just what do you mean by that, Mr. Montgomery?

MONTGOMERY: Why, this. If prices go up faster than consumers' incomes go up, people aren't going to be able to buy even as much as they buy now.

BAKER: Well, let's see. Sally was saying, she's going to buy a new pair of shoes after we've finished talking today. Suppose, Sally, when you get to the store, you should find the price of shoes had jumped a couple of dollars. Would you still buy a pair?

SALLY: Gee, I don't think I would. I'm pretty strapped just now.

MONTGOMERY: You'd make your old pair last a little longer?

BOB: If I were your husband, Sally, I'd tell you you'd have to.

SALLY: Oh, would you, Bob?

BOB: Anyway, those shoes you've got on are darned good looking.

MONTGOMERY: But you see my point. Sally can't afford to pay more for her shoes because her income hasn't gone up.

BAKER: And of course, there are lots of other people in the same fix Sally's in.



MONTGOMERY: Exactly. Millions of people. They're already spending every cent they have on necessities.

BOB: And don't forget the people who have no incomes at all except what the Government gives them.

MONTGOMERY: Yes, and the unemployed. Rising prices can hurt all of these people seriously, unless . . .

BAKER: Unless what?

MONTGOMERY: Unless higher prices make more jobs. If that happens we'll all be a lot better off . . . But things can get in a mess, if we don't watch out.

BAKER: How do you mean, Mr. Montgomery?

MONTGOMERY: Just what all of you have been saying: if prices go up faster than incomes, they'll put the brakes on recovery . . . because people won't be able to buy . . . And that's what is sure to happen if prices go up too quickly. A gradual steady rise can help to increase employment, but runaway markets will make things hard for us as consumers.

BOB: No buy, no sell. No sell, no make. No make, no job. . see?

MONTGOMERY: That's right, Bob.

BAKER: I see. So what we have to watch is how much prices go up and how rapidly, and what happens to jobs and payrolls as prices rise.

MONTGOMERY: Very well said, Mrs. Baker.

BAKER: By the way, how have food prices been behaving lately?

MONTGOMERY: Well, on Tuesday, the important household staples . . . by and large . . . were a trifle cheaper than they were the week before. Some prices went up a little, but most dropped off. But the changes weren't great. A pound of lard, for instance, was selling last Tuesday for about one-half cent less. A dozen eggs, on the other hand, cost about a cent more.

BAKER: And how do food prices now compare with before the war?



MONTGOMERY: Judging by reports from a dozen large cities, I'd say the important foods now cost about 10 percent more. That is, for every dollar they cost in August, they cost one dollar and ten cents now.

BAKER: Of course, that doesn't mean that all foods have gone up 10 percent.

MONTGOMERY: No, indeed. Pork chops, for instance, now are a little cheaper than they were in August. Three of these staples cost about the same.

BAKER: Which are they?

MONTGOMERY: Bread, round steak, and coffee.

BAKER: And which foods have gone up most?

MONTGOMERY: Well, navy beans. They cost about a cent-and-a-half more for a pound. Sugar costs about a cent-and-a-quarter more. Lard is selling for about two cents more, but the prices stores are now paying for lard and beans have been dropping off lately. Then, there are higher prices, too for eggs and butter. You know, eggs and butter usually go up at this time of year. . . Of course, all these figures are rough averages. There's quite a difference between different cities and among stores in any one city.

BAKER: Well, I still think the smart consumer shops around.

MONTGOMERY: So do I, Mrs. Baker.

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